

Appendix 2

Cheshire East Pay Policy Statement

Additional information Links 1 – 4 content.

**Provided in a paper format for Staffing Committee
– will be electronic links for Council.**

LINK 1

CHESHIRE EAST PAY AND GRADING STRUCTURES FROM 1ST APRIL 2016

Senior Managers' Pay Structure (JNC)

This table shows Senior Manager pay bands and spot salaries and the maximum performance award as applicable.

Pay Band	Achieving Spot Salary	FTE Salary	Exceeding performance award up to a maximum of:
Executive Director	CX2	£126,250	n/a
	CX3	£121,200	n/a
	CX4	£111,100	n/a
Director	D1 (a)	£97,869	£5,000
	D1 (b)	£90,900	£5,000
	D2	£87,567	£5,000
	D3	£82,416	£5,000
	D4	£77,265	£5,000
	D5	£72,114	£5,000
Senior Manager	SMG1	£72,114	£5,000
	SMG2	£66,963	£5,000
	SMG3	£61,812	£5,000
	SMG4	£56,661	£5,000
Manager	M1	£59,752	£4,000
	M2	£56,661	£4,000
	M3	£54,601	£4,000
	M4	£51,510	£4,000
	M5	£49,450	£4,000

NJC SALARY STRUCTURE

GRADE	SCP	SALARY ("SCP value")			
1	6	£14,514	11	41	£37,721
	6	£14,514		42	£38,849
2	7	£14,615		43	£39,973
	8	£14,771		44	£41,226
	9	£14,975		45	£42,474
3	9	£14,975	12	46	£43,802
	10	£15,238		46	£43,802
	11	£15,507		47	£45,136
	12	£15,823		48	£46,676
	13	£16,191		49	£48,219
	13	£16,191		50	£49,235
4	13	£16,191		51	£50,251
6	21	£19,939	<p>Note: The Council introduced a living wage of £7.85 per hour with effect from 1 November 2015. This equates to a FTE salary of £15,145. The existing Cheshire East NJC grade structure has been retained but any NJC employees with a spinal column point (SCP) value below £15,145 will receive a supplement to bring their basic pay up to the "CEC Living Wage" hourly rate – premium payments (<i>e.g. for work at week-ends or in the evenings</i>) will continue to be calculated on the current NJC rate of pay for each SCP.</p>		
	22	£20,456			
	23	£21,057			
	24	£21,745			
	25	£22,434			
7	25	£22,434			
	26	£23,166			
	27	£23,935			
	28	£24,717			
8	29	£25,694			
	29	£25,694			
	30	£26,556			
	31	£27,394			
	32	£28,203			
	33	£29,033			
9	34	£29,854			
	33	£29,033			
	34	£29,854			
	35	£30,480			
	36	£31,288			
10	37	£32,164			
	37	£32,164			
	38	£33,373			
	39	£34,578			
	40	£35,969			
	41	£37,721			

Link 2 ADDITIONS TO SALARY OF CHIEF OFFICERS

1. Fee for acting as the Returning Officer and Deputy Returning Officer(s)

Cheshire East Council is required to appoint a Returning Officer by virtue of section 35 of the Representation of the People Act 1983. In Cheshire East the Chief Executive has been appointed as the Returning Officer. This is a personal appointment, separate from their other duties. In this capacity he is the Returning Officer for elections to the Council and to Parish Councils within this Borough. For Borough and Parish Council elections, the Returning Officer fee is calculated in accordance with an agreed Scale of Fees.

The Returning Officer fee is payable for the substantial additional duties undertaken, and leadership required of the Returning Officer in planning, delivering and undertaking the elections and recognises the personal nature and personal responsibility of the role of the Returning Officer. The agreed scale of fees is used to determine the fees of the Deputy Returning Officers, who are appointed from time to time and other elections employees.

The Returning Officer for Cheshire East leads the electoral process for the Authority. There are scheduled Borough and Parish Elections during the 2015/16 financial year. For each election the scales of fees are set by the Government and the Returning Officer is directly accountable in law to the Government in regards to their electoral duties.

2. Travel Allowances and Expenses

The rates for use of private vehicles on Council business for all employees are currently:

	Engine Size	Engine Size
REGULAR USERS	451 -999cc	1000cc+
Lump Sum	£846	£963
Per mile first 8,500	36.9p	40.9p
Per mile after 8,500	13.7p	14.4p

	Engine size	Engine Size
OCCASIONAL USERS	451 -999cc	1000cc+
Per mile first 8,500	46.9p	52.2p
Per mile after 8,500	13.7p	14.4p

The Council has a small number of employees who are assessed as regular car users and receive a lump sum payment (payable monthly) with a reduced mileage rate. Assessment criteria are used to determine eligibility for all employees (including Chief Officers). **Please note mileage rates are currently under review.**

3. 'Green' Salary Sacrifice Lease Car Scheme

The Council has a 'green' salary sacrifice lease car scheme. This is an employee benefit, born out of the Government's introduction of a lower banding for benefit in kind taxation on low emission vehicles. The scheme enables employees to drive a new, fully maintained and insured car, but at a significantly reduced cost and offers savings in tax (employee only) and national insurance for both the employer and the employee.

The Green Car Scheme is underpinned by a salary sacrifice arrangement. Salary sacrifice is a contractual arrangement whereby an employee gives up the right to receive part of their cash remuneration, usually in return for their employer's agreement to provide some form of non-cash benefit, in this case a car.

Whilst the scheme operates at no cost to the employer, in fact generating a saving overall, because it is being provided as a benefit by the Council it attracts a 'Benefit in Kind' (BiK) tax for employees on the scheme. The scheme is open to all employees of the Council, subject to meeting the criteria set out in the scheme rules.

The level of CO2 emissions on the car chosen is important as it determines the benefit in kind tax to pay on the car (the non-cash benefit). The more environmentally friendly the car is, the greater the savings will be. Please note the scheme will be reviewed following the Government's announcements in the Autumn statement.

4. Relocation Expenses

Where it is necessary for a newly appointed employee to relocate to take up an appointment the Council may make a contribution towards relocation expenses, in accordance with the Relocation Expenses Policy. Under this policy, the Chief Executive, or their nominee, has discretion to agree relocation financial assistance for any external candidate appointed, up to a maximum of £10,000. The details of any such payment must be agreed at the time of making a job offer/during initial appointment. The relocation must bring the employee nearer to their work base and, as such, support will not normally be given to employees who already live within 30 miles of the work base. This discretion covers all items for which assistance may be given, which must be directly related to a home relocation within two years of appointment, for example removal expenses, legal and estate agents fees.

Travel Assistance may also be agreed for expenditure arising from a move from temporary accommodation to a permanent home, (as well as for the initial move to temporary accommodation), normally provided that the second move takes place within the maximum two year period. Both sets of assistance are subject to the overall limit of £10,000 and the policy is very clear that an employee must not make a net financial gain from the assistance.

An employee who leaves the Council's employment within one year of appointment will be required to repay all of the assistance given. If they leave during the second year, the assistance must still be repaid but the amount will be reduced by one twelfth for each completed month of employment in that year. The same policy applies to Chief Executive, Chief Officers and other employees.

5. Professional Fees and Subscriptions

The Council will reimburse professional fees only for those employees where it is a legal requirement of their employment (subject to the employee paying the first £50) or, where employees are undertaking a training course and the membership of a professional body it is a requirement of the course. In those circumstances it will be paid for the period of study only. The Council has a single policy and does not differentiate between Chief Officers and other employees.

Link 3 LOCAL GOVERNMENT PENSION SCHEME

The Local Government Pension Scheme and policy with regard to the exercise of discretions in Pension provision is an important part of the remuneration package.

All employees under the age of 75 and who have a contract of employment which is for 3 months or more are entitled to join the statutory Local Government Pension Scheme (LGPS). There are no restrictions on the minimum number of hours an employee must work to be entitled to join.

From 1st March 2013 (the staging date) Cheshire East Council has complied with the new pensions duties under the Automatic Enrolment Regulations 2012 as follows:

- All new Cheshire East employees from 1st March 2013 have automatically been entered into Scheme membership, and have to elect to opt out if they wish.
- All existing eligible employees who have previously opted out of scheme membership will be automatically re-enrolled into the scheme with effect from 1st October 2017, at the end of the allowed transitional period. They will retain the right to opt out again if they wish.
- All existing employees who fall into the non-eligible category have been monitored from 1st March 2014 and will be automatically enrolled into scheme membership at the point that they meet the earnings and age threshold. They will retain the right to opt out if they wish.
- The Automatic Enrolment exercise will be repeated on a three yearly basis following the initial staging date.

The employee contribution bands are shown below.

Annual Rate of Pay	Rate of Employee Contributions
More than £151,800	12.5%
100,201 – 151,800	11.4%
86,001 – 101,200	10.5%
60,701 – 86,000	9.9%
43,501 – 60,700	8.5%
34,401 – 43,500	6.8%
21,201 – 34,400	6.5%
13,601 – 21,200	5.8%
Up to 13,600	5.5%

These are the banding rates applicable as at 1st April 2016 and the expected rates in future years. The pay bands are adjusted in line with the Consumer Price Index (CPI) each April.

Where employees have exercised their statutory right to become members of the

Local Government Pension Scheme, the Council must make a contribution to the scheme representing a percentage of the pensionable remuneration due under the contract of employment of that employee. The rate of contribution is set by the Actuary advising the Cheshire Pension Fund and reviewed on a triennial basis in order to ensure the scheme is appropriately funded. The Actuary provides the Council with a certified primary employer contribution rate and also a certified monetary amount which needs to be paid to the Fund to cover the past service deficit. The results of the recent valuation have resulted in an increased primary rate of 17.2% payable from 1st April 2017 (up from 16.4% in 2016-17) and a past service deficit cash contribution of £14m. The two are combined to give a total employer contribution rate of 30.5% in 17-18.

For more comprehensive details of the Local Government Pension Scheme and Cheshire Pensions Fund see <http://www.cheshirepensionfund.org/>

Neither the Scheme nor the Council adopt different policies with regard to benefits for any category of employee: the same terms apply to the Chief Executive, Chief Officers and other employees alike.

Employer Discretions

The Scheme also provides for the exercise of discretions that allow for retirement benefits to be enhanced. The Council will consider each case on its merits but has determined that its usual policy is not to enhance benefits unless early release of pensions is agreed on compassionate/appropriate grounds. However, the Council has agreed to adopt the provision to enable redundant employees to purchase additional pension contributions with the non statutory part of their redundancy payment (additional redundancy payment if employees are in receipt of such a non-statutory payment)

The Pensions Discretions Policy details the Council's agreed Pensions Discretions and applies equally to the Chief Executive, Chief Officers and other employees. The Council currently operates 2 policies one for employees in the scheme prior to 1st April 2014 and another post 1st April 2014.

The Pension Scheme also provides for flexible retirement. In applying the flexible retirement provision no distinction is made between the Chief Executive, Chief Officers and other employees. Employees aged 55 and above may apply to reduce their hours of work and/or their pay grade and to seek agreement to early release to some, or all of their pension.

Requests will be considered if:

Either their substantive grade reduces by a minimum of 2 grades (e.g. grade 6 to grade 4) or equivalent, and/or their contract hours reduce by a minimum of 1/5th and at the same time the employee requests early release of their pension.

Where flexible retirement requests are approved and pension is released, payment of all of the pension will be on an actuarially reduced basis, unless they are in the protected group of employees as covered in the Local Government Pension Scheme Regulations.

Link 4 PAY MULTIPLES

The following information is based on basic salaries (only) as at 1st January 2017. Pay Multiples based upon employees' total financial year remuneration will be published as part of the annual Transparency Code declaration after the March 2017 payroll – full financial year payments are not available as at 1st January and so accurate 16-17 remuneration based pay multiples cannot be presented here.

The figures below exclude schools employees and teachers as the Localism Act does not apply to local authority schools; they also exclude casual employees.

The lowest paid persons employed under a contract of employment with the Council (CEC) are employed on full time (37 hours) equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's grading structure. As at 1st January 2017, this was equivalent to £14,514 per annum, equating to Spinal Column Point (SCP) 6 in both grade 1 and grade 2 – however, effective from 1st November 2015, employees paid on this SCP (and SCPs 7 to 9 (inclusive)) receive the CEC Living Wage supplement to increase their FTE basic salary to £15,145 per annum. There were 396 employees / 96.2 FTE (excluding casuals) paid at the CEC Living Wage, across grades 1, 2 and 3, on 1st January 2017.

Separate to the Council's pay and grading structure, we offer one year apprenticeship placements; the Council operates this scheme in line with the National Minimum Wage. Additionally, there are a number of employees on other pay and conditions, as noted above, such as NHS and Soulbury employees on different pay structures, but none fall below the £15,145 FTE CEC Living Wage salary.

The current pay levels within the Council define the multiple between the median full time equivalent earnings (£22,434) and the highest paid Chief Officer, the Chief Executive (£151,500), as 6.75.

The multiple between the lowest full-time equivalent earnings (£15,145) and the Chief Executive (£151,500) as 10.00. Additionally, the multiple between the lowest paid employee (£15,145) and average Chief Officer basic salaries (£83,104) is 5.49.

The Council does not explicitly set the remuneration of any individual or group of posts by reference to a simple multiple of another post or group of posts. The use of multiples cannot capture the complexities of a dynamic and highly varied workforce in terms of job content and skills required or the competitive demands of the external market.

The pay multiples will be monitored during the year to ensure they remain acceptable. As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate.